

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 151412

42

ORIGIN EB-07

INFO OCT-01 ISO-00 EA-06 EUR-12 SS-15 SP-02 L-03 INR-07

/053 R

DRAFTED BY EB/ORF/FSE:PDTAYLOR:MW
APPROVED BY EB/ORF/FSE - LAWRENCE R RAICHT
EB - A WATSON

----- 081445

P 262306Z JUN 75
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY
AMEMBASSY ROME PRIORITY

LIMITED OFFICIAL USE STATE 151412

STADIS////////////////////////////////

E.O. 11652: N/A
TAGS: ENRG
SUBJECT: JEC SUBCOMMITTEE REPORT ON FLOOR PRICE
FOR ENDERS AND BOSWORTH

1. THE SUBCOMMITTEE ON INTERNATIONAL ECONOMICS OF THE
JOINT ECONOMIC COMMITTEE HAS ISSUED TODAY A BRIEF REPORT
(26 DOUBLE SPACED PAGES) ENTITLED, QOUTE, THE STATE
DEPARTMENT'S OIL FLOOR PRICE PROPOSAL: SHOULD CONGRESS
ENDORSE IT? UNQUOTE. THE REPORT CONCLUDES, QUOTE, A MINI-
MUM PRICE FOR OIL IMPORTS IS NOT AN APPROPRIATE METHOD TO
PROTECT DOMESTIC INVESTMENTS IN CONVENTIONAL ENERGY RE-
SOURCES FROM BECOMING NONCOMPETITIVE IF WORLD OIL PRICES
DROP. THE UNITED STATES GOVERNMENT SHOULD CEASE IMMEDIATE-
LY ITS EFFORTS IN THE INTERNATIONAL ENERGY AGENCY TO SET
A MINIMUM IMPORT PRICE UNTIL SUCH TIME AS CONGRESS AUTHOR-
IZES THE EXECUTIVE TO SEEK SUCH AN AGREEMENT. EXISTING
LEGISLATION, SUCH AS THE TRADE EXPANSION ACT OF 1962,
SECTION 232, AS AMENDED, SHOULD IN NO WAY BE CONSTRUED AS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 151412

AUTHORITY TO SET A FLOOR PRICE. UNQUOTE.

2. THE REPORT NOTES THE JEC FIRST DISCUSSED THE IDEA OF A FLOOR PRICE WITH ASSISTANT SECRETARY ENDERS IN NOVEMBER 1974. SUBSEQUENT WITNESSES INCLUDE SIMON, BENNETT, PROFESSORS BRANSON OF PRINCETON AND STEELE OF HOUSTON, KING OF GULF OIL AND JOHN LICHTBLAU.

LIMITED OFFICIAL USE

3. THE REPORT STATES THAT THE FLOOR PRICE IS UNDESIRABLE BECAUSE EXISTING INCENTIVES ARE AMPLE, IS A CLUMSY TOOL FOR CURBING CONSUMPTION AND IS UNNECESSARY TO INSURE THE UNITED STATES AGAINST COMPETITIVE DISADVANTAGE. THE REPORT SUGGESTS THAT DIRECT SUBSIDY OF ENERGY INVESTMENTS WOULD BE LESS COSTLY AND MORE EQUITABLE THAN A FLOOR PRICE. A FINAL SECTION OF THE REPORT STATES THAT NO AUTHORITY OR SUPPORT EXISTS FOR NEGOTIATION OF A FLOOR PRICE AGREEMENT AND CONCLUDES THAT IT IS NOT IN OUR BEST INTEREST TO HAVE THE UNITED STATES GOVERNMENT SEEKING AN AGREEMENT WHICH THE CONGRESS HAS NO INTENTION OF SUPPORTING.

4. SENATOR JAVITS HAS INCLUDED DISSENTING VIEWS ARGUING THAT THE FLOOR PRICE APPROACH SHOULD NOT BE REJECTED FLATLY AT THIS TIME.

5. TAYLOR WILL CARRY A COPY OF THE DRAFT TO PARIS. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, IMPORT PRICES, US CONGRESSIONAL DOCUMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE151412
Document Source: CORE
Document Unique ID: 00
Drafter: PDTAYLOR:MW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750223-0231
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750612/aaaaakkg.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAY 2003 by ifshinsr>; APPROVED <15 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JEC SUBCOMMITTEE REPORT ON FLOOR PRICE FOR ENDERS AND BOSWORTH
TAGS: ENRG, US
To: TOKYO ROME
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006